

REPORT FOLLOW-UP

AGENCY: IDAHO OFFICE OF THE STATE CONTROLLER – IT SYSTEMS

On April 21, 2004, the Legislative Services Office released a *Special Audit Report* for the information technology (IT) systems at the Idaho Office of the State Controller for fiscal year 2003. The Office was contacted on August 5, 2004, and this follow-up report addresses how it has responded to the six findings and recommendations contained in that report.

STATUS OF RECOMMENDATIONS:

Finding #1 – The Office has no formal IT planning/steering committee, nor does it have well-defined long- and short-range IT plans. The Office holds weekly executive management meetings, as well as other periodic meetings, in which various issues are discussed, including limited discussions on information technology. However, the Office does not have a separate IT planning/steering committee solely dedicated to aligning IT activities with the Office's vision, mission, goals, and objectives. As a consequence of having no IT steering committee, the Office also has no well-defined long-range IT plan.

We recommended that the Office establish a formal IT planning/steering committee dedicated specifically, but not solely, to strategic IT planning. We also recommended the IT planning/steering committee be charged with producing a long-range IT plan and overseeing the production of short-range IT plans, ensuring the plans align with the long-range plan.

Audit Follow-up – The Office has organized its official IT Steering and Advisory Committee with membership from both inside and outside the Office. The first committee meeting was held in September 2004. The committee is working on a draft IT plan, scheduled to be completed by December 2004.

Status – IN PROCESS

Finding #2 – The Office has no service-level agreements with its business partners to ensure the continuity of critical business services. The Division of Computer Services does not have or maintain service-level agreements with any of its internal or external customers. The Division is responsible for the principal mainframe computer and other servers operated by the State, that are used to run applications and store data needed by other organizations, including State agencies and other non-State business partners. The most notable mainframe applications include STARS, EIS, and several Department of Health and Welfare applications. In addition to this responsibility, the Division also provides programming and developmental services to other internal divisions and State agencies. Clearly, many parties depend on the Office to provide these critical business services.

It is important to note that the Office also depends on other parties to provide critical business services to the Office. These services are necessary to the Office's ability to provide continuous services to others. As noted, the Office receives and provides critical business services, thereby establishing the need for agreements between all related parties.

We recommended that the Office work with its major service suppliers and customers, both internal and external, to implement service-level agreements. These agreements can be either two-party agreements or three or more party agreements, as long as the objective of ensuring continuous critical business services is met.

Audit Follow-up – The IT Steering and Advisory Committee is in place and currently addressing this issue.

Status – IN PROCESS

Finding #3 – The Office's Employee Information Handbook does not contain effective, up-to-date policies regarding computer, Internet, or e-mail usage. The Office has not updated its employee handbook since 1999.

We recommended that the Office initiate a process to ensure that the employee handbook and other IT policies are updated on a routine basis.

Audit Follow-up – The Office has updated its employee handbook. It used this opportunity to address issues in the handbook that were previously either not addressed, such as remote computer use guidelines, or that needed to be revisited and rewritten, such as the Fair Labor and Standards Act (FLSA) section. The handbook was published and issued in September 2004.

Status – CLOSED

Finding #4 – The Office does not routinely cross-train its IT staff. Industry best practices recommend cross-training IT personnel. While it is assumed that some employees could perform many other employees' tasks, we found no established plan for cross-training IT personnel. If employees are not sufficiently cross-trained, disruptions in service can occur, as well as the loss of institutional knowledge when employees leave.

We recommended that the Office initiate an office-wide policy requiring some form of practical cross-training between IT functions.

Audit Follow-up – The IT Steering and Advisory Committee is in place and currently addressing this issue.

Status – IN PROCESS

Finding #5 – The Office has no alternate power source to sustain the State's central computer systems for an extended period of time in case of a power outage. The Office's computer system, especially its mainframe system, is critical to the State's daily business operations. Without the ability for the computer systems to operate during a period of prolonged power outages or disruptions, the Office would be faced with disruptions to its computer services. These service disruptions could cost the Office, State agencies, and other organizations and individuals significant time and money.

We recommended that the Office acquire an alternate power source capable of sustaining its critical business operations for extended periods, thereby substantially reducing the risk of financial loss and liability associated with a shutdown of critical business functions.

Audit Follow-up – The Office has implemented an alternate power supply large enough to accommodate its operations. The alternate power supply is in operation and it is tested on a regular basis.

Status – CLOSED

Finding #6 – The Office's Business Continuity Plan does not address all key internal and external concerns. Currently, the Office's Division of Computer Services has a detailed plan to restore computer operations in the event of an in-house mainframe system failure. Although the plan allows for limited computer resources to be reestablished at a remote site in a different geographical area, the plan does not fully consider the possible overall impact on the operations of the Office and other State agencies. The possible areas of impact include, but are not limited to, STARS, EIS, and computer services for employees not working at the alternate site, both inside and outside the Office. In addition, there is no plan in place to inform employees when a debilitating event has occurred or where they are to report should an event of this nature occur.

Outside internal operations, the Office must coordinate with other State agencies should an emergency occur. These agencies need to know how to contact key Office personnel and how to reestablish system connections to STARS, EIS, several Department of Health and Welfare applications, and any other systems maintained by the Office, that are necessary carry out their responsibilities.

We recommended that the Office review its overall operations and adjust its Business Continuity Plan to address the needs and requirements of all affected parties.

Audit Follow-up – The Office is in the process of creating a Memorandum of Understanding for alternate local office space and communications. The IT Steering and Advisory Committee is in place and currently addressing this issue.

Status – IN PROCESS